

Message Text

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ACTION EB-08

INFO OCT-01 ISO-00 AF-10 ARA-10 EA-10 EUR-12 NEA-10
IO-13 L-03 FRB-03 OMB-01 ITC-01 SP-02 USIA-06
AGRE-00 AID-05 CIAE-00 COME-00 INR-07 LAB-04
NSAE-00 OIC-02 SIL-01 STR-04 TRSE-00 CEA-01 SS-15
OES-07 ERDA-05 FEAE-00 /141 W
-----051003 251529Z /45

R 251034Z AUG 77
FM USMISSION GENEVA
TO SECSTATE WASHDC 583
INFO USMISSION USUN NEW YORK
AMEMBASSY BRUSSELS
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BRUSSELS FOR USEEC; PARIS FOR USOECD

E.O. 11652: N/A
TAGS: EGEN, UNCTAD
SUBJ: UNCTAD: THE FIRST DAYS OF THE 17TH TDB

1. SUMMARY: SEVENTEENTH SESSION OF UNCTAD TRADE AND DEVELOPMENT BOARD (TDB) IS STILL EXPECTED TO BE LOW-KEY. MAJOR THRUST OF STATEMENTS AND COMMENTS IS TO MOVE UNCTAD HEAVILY INTO THE POST-CIEC WORLD USING THE THEME OF INTERDEPENDENCE AS A VEHICLE FOR BROAD DISCUSSIONS AND DEBATE. COREA'S OBJECTIVE REMAINS ONE OF MOVING UNCTAD FROM A DELIBERATIVE BODY TO A NEGOTIATING BODY ON ISSUES OF ECONOMIC DEVELOPMENT. HOWEVER, THERE IS CONCERN THAT THE 9TH SPECIAL SESSION MINISTERIAL BE A SUCCESS AND THAT HOLDING THE AGENDA SOLELY TO DEBT RISKS CONFRONTATION AND FAILURE. EXPLORATION NOW UNDERWAY IN GROUP B ON EXPANDING AGENDA AND BROADENING THE DISCUSSION OF DEBT. THE POSSIBILITIES OF CANCELLING THE SECOND DEBT EXPERTS MEETING ARE MINIMAL. EFFORTS ARE BEING CHanneled TO
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MAKE THE TDB MINISTERIAL PRODUCTIVE. END SUMMARY.

2. OPENING PLENARY SESSION: IN FIRST PLENARY SESSION, TUESDAY, AUGUST 23, AMBASSADOR SUSANTO DE ALWIS, SRI LANKA'S PERMANENT REPRESENTATIVE IN GENEVA, WAS ELECTED PRESIDENT OF THE BOARD. IN HIS ACCEPTANCE SPEECH, DE AL WIS STRESSED THE NEED TO WORK TOGETHER TO ACHIEVE

MEANINGFUL, REALISTIC AND CONCRETE RESULTS AT THIS TDB, WHICH, HE NOTED, IS TAKING PLACE AFTER THE CONCLUSION OF CIEC AND AT THE MID-POINT BETWEEN UNCTAD IV AND V. DE ALWIS SAID THAT WHILE CIEC DID NOT LIVE UP TO THE LDC'S EXPECTATIONS, WE SHOULD NOT ASSIGN THE BLAME FOR THIS TO ANY PARTICULAR GROUP OF COUNTRIES -- ESPECIALLY SINCE WE HAVE AGREED THAT NEGOTIATIONS ON NORTH/SOUTH ISSUES WILL CONTINUE IN THE UN AND THAT UNCTAD WILL PLAY A KEY ROLE IN THESE NEGOTIATIONS. HE SPECIFICALLY CALLED FOR A FRESHER, MORE VIGOROUS APPROACH TO SOLVING THE DEBT PROBLEMS OF THE LDCS AT THE FORTHCOMING DEBT EXPERTS MEETING AND AT THE TDB MINISTERIAL. STATING THAT NO PROGRESS HAS BEEN MADE IN NEGOTIATIONS ON A COMMON FUND OR ON INDIVIDUAL COMMODITIES (WITH THE POSSIBLE EXCEPTION OF RUBBER), DE ALWIS CALLED FOR NEW APPROACHES LEADING TO CONCRETE ACTIONS IN THE COMMODITIES FIELD. HE ALSO CALLED FOR NEW PROPOSALS TO EXPLOIT THE POTENTIAL FOR EXPANDED TRADE BETWEEN THE LDCS AND THE SOVIET BLOC COUNTRIES.

3. OPENING ADDRESS BY SYG GAMANI COREA. ADDRESSING THE TDB TUESDAY AFTERNOON, UNCTAD SYG COREA STRESSED THE IMPORTANCE OF UNCTAD FOLLOWING-UP WORK BEGUN AT CIEC ON DEBT PROBLEMS OF LDCS, AND STATED THAT DEBT (INCLUDING DEBT PROBLEMS OF THE LEAST DEVELOPED COUNTRIES) WILL BE A MAJOR TOPIC AT THE TDB MINISTERIAL NEXT JANUARY.
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REVIEWING RECENT TRENDS IN THE WORLD ECONOMY, COREA DESCRIBED THE INTERDEPENDENCE OF PROBLEMS OF TRADE, DEVELOPMENT FINANCE AND THE INTERNATIONAL MONETARY SYSTEM AS CENTRAL TO UNCTAD'S CONCERNS AND STRESSED THE IMPORTANCE OF DISCUSSING INTERDEPENDENCE AT THIS AND FUTURE BOARD MEETINGS. POINTING OUT THAT MANY ISSUES IN THE NORTH/SOUTH DIALOGUE RELATE TO UNCTAD'S WORK, COREA SAID THAT EVEN IN THE ENERGY FIELD THERE ARE CERTAIN ASPECTS RELATING TO THE TRANSFER OF TECHNOLOGY WHICH ARE OF INTEREST TO UNCTAD. DESCRIBING COMMODITIES AS THE MAJOR ISSUE IN NORTH/SOUTH NEGOTIATIONS TODAY, COREA EXPRESSED HOPE THAT AGREEMENT CAN BE REACHED ON THE CHARACTERISTICS OF A COMMON FUND AT THE NOVEMBER NEGOTIATING CONFERENCE. RATHER EXPECTEDLY, HE WARNED THAT FAILURE OF THIS CONFERENCE WOULD HAVE NEGATIVE IMPLICATIONS ON THE ENTIRE DIALOGUE.

4. LUNCH WITH G. ARSENIS AND HIS PRESENTATION OF INTERDEPENDENCE PAPER AT PLENARY ON 24 AUGUST 1977: ARSENIS, DIRECTOR OF UNCTAD DIVISION RESPONSIBLE FOR FINANCIAL MATTERS, STATED HE WAS TRYING THROUGH A SERIES OF BILATERAL CONVERSATIONS, BEGINNING WITH THE US, TO DETERMINE WHAT

WOULD MAKE A SENSIBLE AGENDA FOR THE TDB MINISTERIAL, PARTICULARLY REGARDING THE DEBT ISSUE, HE COMMENTED THAT THE SECRETARIAT WANTED FIRST MINISTERIAL TDB TO BE SUCCESSFUL, AND THAT A MEETING SOLELY DEVOTED TO DEBT WOULD RESULT IN CONFRONTATION. THUS THERE IS A DESIRE BY THE SECRETARIAT TO BROADEN THE AGENDA OF THE MINISTERIAL. ARSENIS SUGGESTED THAT UNCTAD ROLE ON DEBT FRONT OUGHT TO REVOLVE AROUND OVERALL QUESTION OF FINANCING DEVELOPMENT IN POORER LDCS (LLDCS AND MSAS). US DEL (MEISSNER) INDICATED THAT US SAW UNCTAD ROLE IN DEBT/FINANCE AS VERY LIMITED, BUT THAT THE MORE UNCTAD NARROWED ITS FOCUS TO THE LLDCS WHILE BROADENING THE ISSUE TO COVER OVERALL QUESTION OF FINANCING DEVELOPMENT, THE FEWER PROBLEMS WE WOULD HAVE. MEISSNER STATED THE FINANCIAL ISSUE SHOULD LIMITED OFFICIAL USE

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REMAIN WITH THE FINANCE MINISTERS AND IN FORUMS SUCH AS THE IMF, IBRD AND THE DEVELOPMENT COMMITTEE.

5. ARSENIS ALSO INDICATED HIS STRONG INTEREST IN PULLING TOGETHER A GROUP OF 14-16 EXPERTS PROVIDED BY SELECTED GOVERNMENTS (NOT NECESSARILY GOVERNMENT EXPERTS) TO PRODUCE PAPERS ON INTERDEPENDENCE THEME, WHICH WOULD NOT HAVE

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OFFICIAL SECRETARIAT IMPRIMATEUR. THE IDEA WOULD BE TO HAVE GROUP MEET, AT LEAST, ANNUALLY AFTER THE INITIAL MEETING THIS DECEMBER. SUCH PAPERS COULD DEAL MORE CANDIDLY WITH LINKAGES BETWEEN GROWTH AND EMPLOYMENT IN DCS AND LDC TRADE PROSPECTS, TRADEOFFS BETWEEN AID AND TRADE FLOWS, ETC. ARSENIS ADMITTED, HOWEVER, THAT OIL PRICE WOULD HAVE TO BE TABOO SUBJECT IN SHORT RUN, ALTHOUGH PERHAPS IT WOULD BE WORKED INTO DISCUSSIONS IN A FEW YEARS. ARSENIS ENVISIONED THAT THE GROUP MIGHT FUNCTION SIMILAR TO WP-3 IN THE OECD. COREA'S OPENING ADDRESS LATER IN DAY INCLUDED UNUSUALLY LARGE ANALYTICAL SECTION ON WORLD ECONOMIC SITUATION, LARGELY TAKEN FROM INTERDEPENDENCE PREPARED FOR TDB BY ARSENIS STAFF. SHIFT OF ARSENIS FROM NEW YORK TO UNCTAD HEADQUARTERS AND ABSORPTION OF RESEARCH OFFICE BY HIS SHOP WILL RESULT IN THRUST BY UNCTAD TO INCREASE ITS OVERALL ANALYTICAL ROLE OF ECONOMIC "BIG PICTURE."
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6. ARSENIS PRESENTED THE INTERDEPENDENCE PAPER WEDNESDAY MORNING COVERING FIVE MAJOR ISSUES THAT HE BELIEVED NEED DEBATE AND DECISION: (1) WORLDWIDE DEMAND MANAGEMENT, (2) BALANCE OF PAYMENTS ADJUSTMENT, (3) TRADE POLICY, (4) INTERNATIONAL INFLATION AND PRICE STABILITY AND (5) CAPITAL INVESTMENT. HE ENDED HIS PRESENTATION WITH A CALL FOR THE TDB TO CONSIDER POLICIES RELATED TO THESE ISSUES. SAUDI'S IMMEDIATELY MOVED TO HAVE DISCUSSION OF ARSENIS' PAPER PUT OFF FOR TWO OR THREE DAYS UNTIL THE IMPLICATIONS OF THE PAPER COULD BE FULLY CONSIDERED BY EACH COUNTRY. YUGOSLAVS SPOKE FOR TDB CONSIDERATION OF THE ISSUES. IT IS BELIEVED BY MANY THAT THE DOCUMENT LAYS OUT THE AGENDA FOR DISCUSSION OF THE EXPERTS MEETING ON INTERDEPENDENCE IN DECEMBER. ARSENIS STATED AT LUNCH THIS ISSUE WAS TOO NEW TO TAKE UP AT THE SPECIAL MINISTERIAL IN JANUARY, ALTHOUGH COREA'S TDB PRESENTATION DESCRIBED INTERDEPENDENCE AS DIRECTLY RELEVANT TO MINISTERIAL.

7. GROUP B: GROUP B IS VERY SLOW IN ORGANIZING. MUCH TIME WAS SPENT ON ELECTION OF OFFICERS. FINAL RESOLUTION OF THIS ISSUE WAS MADE ONLY BY A US AND EC MOVE TO WITHDRAW THEIR CANDIDACIES ALLOWING THE GROUP B COORDINATOR (FRANCE), JAPAN, NORWAY AND SPAIN TO ASSUME THE GROUP B VICE PRESIDENTIAL POSTS. THE PROCESS OF CONSENSUS BUILDING ON ISSUES BEFORE THE 17TH TDB HAS YET TO BEGIN. AT US

INITIATIVE A WORKING GROUP WAS FORMED TO DISCUSS THE AGENDA
FOR THE SPECIAL 9TH MINISTERIAL IN JANUARY. THERE SEEMS
TO BE SUPPORT FOR THE IDEA OF BROADENING THE JANUARY
AGENDA. VANDEN HEUVEL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEETINGS, MEETING PROCEEDINGS
Control Number: n/a
Copy: SINGLE
Sent Date: 25-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977GENEVA07261
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770307-0689
Format: TEL
From: GENEVA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770825/aaaaauji.tel
Line Count: 228
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 336d7053-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 01-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1490126
Secure: OPEN
Status: NATIVE
Subject: UNCTAD: THE FIRST DAYS OF THE 17TH TDB
TAGS: EGEN, OCON, UNCTAD, TDB
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/336d7053-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009